

DIVISION OF SPECIAL REVENUE

Gaming Policy Board

April 10, 2008

held at

555 Russell Road
Newington, CT

Members: William F. Farrell, Chairman; Richard Antonetti; Edward F. Osswalt;
Paul F. Pendergast; Gayle A. Russell.

Staff: Paul A. Young, Executive Director; Suzanne Alix; Paul D. Bernstein;
Donald Kleber; Anne Stiber; Joseph Tontini; Frank Virnelli; Joseph
Peplau; Viola Pietrandrea; William Ryan; James Schmitt.

Call to Order: Chairman Farrell called the meeting to order at 10:30 a.m.

Minutes of Meeting: On motion made by Mr. Antonetti, seconded by Mr. Osswalt and unanimously voted, it was resolved that the Minutes of the February 13, 2008 meeting not be read and that the Minutes be accepted as distributed.

Time and Place of Next Meeting: The next meeting of the Gaming Policy Board will take place at 10:30 a.m. on Wednesday, June 4, 2008 at Division headquarters in Newington.

Interim Reports

Gambling Regulation: Mr. Tontini briefly reviewed the changes to the OTB operating hours since the Board's last meeting.

Autotote Enterprises, Inc. – Mr. Tontini said the Division received a request from Autotote Enterprises, Inc. to begin simulcasting at 24 Burnell Boulevard, Norwalk, Connecticut. The location is at the Norwalk Mall. Simulcasting has been approved through the Common Council with the adoption of a resolution on February 26, 2008. The resolution does not include Sunday wagering. The Division recommends approval of Autotote's request conditioned upon final approval of the Executive Director.

On motion made by Mr. Antonetti, seconded by Ms. Russell and unanimously voted, it was:

“Resolved, That the request of Autotote Enterprises, Inc. to simulcast at the 24 Burnell Boulevard, Norwalk, CT facility is approved with final approval by the Executive Director.”

Update: Off-track betting – during the month of January, there were 12 tracks approved and there were four tracks approved in the month of February. Autotote Enterprises, Inc. (AEI) is looking for a new site in Milford for the OTB facility and one site has been identified. The details of the site must go before the town’s Zoning Board and the final request will be presented to the Executive Director and the Gaming Policy Board.

Lottery – there were seven Instant games that received preliminary approval and three Instant games that received final approval in January 2008. Four Instant games received preliminary approval and seven Instant games received final approval in February 2008.

The Connecticut Lottery Corporation has almost completed deploying their new Wave terminal to their agents. The new terminal is a significant improvement over the Probe terminal that is being replaced as a result of the new contract with Scientific Games, Inc. Mr. Tontini provided the Board with an update of the new Wave terminal.

Mohegan Sun – in January 2008 Mohegan Sun had 58 jackpots of \$25,000 or more and four paid over \$100,000. There was an additional wide-area progressive hit at Mohegan Sun in January that paid \$247,000. In February 2008 Mohegan Sun had 50 jackpots of \$25,000 or more and one paid over \$100,000. There were two additional wide-area progressive hits at Mohegan Sun in February; one paid \$2,079,000 and the other paid \$116,000.

At the end of January 2008, Mohegan Sun had 6,192 slot machines on the floor and all the machines are ticket capable. In February 2008, Mohegan Sun had 6,052 slot machines on the floor and all machines are ticket capable.

The number of slot machines has been reduced in January and February because of the reconstruction at the casino. This is a temporary situation.

Foxwoods – in January 2008, Foxwoods had 35 cash jackpots of \$25,000 or more and one paid over \$100,000. In February 2008, Foxwoods had 19 cash jackpots of \$25,000 or more and two paid over \$100,000. There was one additional wide-area progressive hit at Foxwoods for \$725,000 on February 20th.

As of the end of January 2008, Foxwoods had a total of 6,763 slot machines on the floor and all but 38 are ticket capable. As of the end of February 2008, Foxwoods had 6,816 slot machines on the floor and all but 38 are ticket capable.

On January 29th there was a fire at the Great Cedar hotel. The hotel was evacuated in a routine fashion and there were no injuries. All patrons were relocated to other rooms.

Mr. Antonetti questioned the status of the MGM Grand at Foxwoods. Mr. Tontini said the MGM would be opening next month. Mr. Antonetti asked how many slot machines are projected for that facility. Executive Director Young replied that there would be approximately 1,500 slot machines. He continued saying that once the MGM casino opens, Foxwoods plans are to refurbish the older ones. The same procedure will take place at Mohegan Sun when they open their new casino, presently targeted for Labor Day.

Integrity Assurance: Mr. Virnelli provided the monthly reports on the financial statements that included the revenue reports, transfers to the General Fund as well as the grants to municipalities.

Charitable Games: Mr. Bernstein provided the following report on the charitable gaming regulatory activity for the months of January and February:

During the period, a total of 400 registrations and permits were approved for all of the authorized activities, including bingo, sealed ticket sales, bazaars and raffles. One thousand six hundred and twenty financial reports filed by organizations following the conduct of events were examined and verified, and 185 inspections were conducted of permitted events. Two hundred and seventy-four violations were written addressing a failure by permittees to comply with our statutory and/or regulatory requirements, and each recommended appropriate administrative action. Charitable Games also conducted a total of 34 pre-event, instructional, or customer service meetings with non-profit permittees.

In furtherance of Public Act No. 07-36, a meeting of the registered bingo and sealed ticket dealers or distributors was held here in the Board Room on Thursday, January 31st, for the purpose of reviewing the new law requiring their registrations and for providing them with the requirements they will have to meet when supplying Division permittees with bingo drawing equipment or paper, or sealed ticket dispensing machines. Representatives of four out of five registered firms attended the meeting that was very productive. There were no issues with respect to the Division's requirements, and it was agreed that the group should meet again in another six months.

As previously reported, Charitable Games has been working to staff its new Compliance and Audit Section. On Monday, January 7th, Ms. Ellen Wells, of West Hartford, was appointed as an Accounts Examiner with the Section, effective Friday, January 18th. Ellen comes to the Division with an excellent background, including service as an Internal Revenue Service Agent. Ellen was graduated from the University of Hartford with a Bachelor of Arts degree in University Studies in May 2004, and with a Master's degree in Accounting and Taxation in May 2005. She will make an excellent member of the Compliance and Audit team.

The Compliance and Audit Section is headed with Linda Lawrence, a Regulation Supervisor who supervised the Field Operations Section. On Friday, February 15th, the appointment of Charitable Games Liaison Officer James B. Schmitt to the position of Regulation Supervisor for Field Operations was announced. A 1986 graduate of Eastern Connecticut State University with a Bachelor of Arts Degree in Business, Jim has been employed in Charitable Games since July of 1987, initially as a Connecticut Career Trainee. He has the experience and training necessary to effectively lead Field Operations and round out the supervisory team.

The Compliance and Audit Section is actually off the ground and up and running. It will be conducting introductory and customer service meetings for recordkeeping purposes with sealed ticket permittees and audits of the authorized activities. During February, six instructional sessions were conducted for sealed ticket permittees with emphasis on recordkeeping requirements. The sessions were held for the benefit of the members in charge and their designees responsible for the control of financial recordkeeping. One sealed ticket audit of an over-the-bar permittee continued from the previous month and was completed. Two sealed ticket audits of over-the-bar permittees, one audit of a sealed ticket activity permitted in conjunction with a "Class A" bingo, and seven raffle audits were commenced.

During the two months, Sealed Ticket Sales processed 104 "walk-in" and 119 "mail-in" purchase orders, selling 659 packets of sealed ticket games, generating \$162,461.00 in revenue for the State. The tickets sold had a retail value of \$624,610.00 and will return \$407,360.00 to the organizations selling them as fundraising items.

Charitable gaming grossed \$6,767,299.41 and netted \$351,820.97 for the purposes of the sponsoring organizations during the two-month period.

Mr. Antonetti asked if the Compliance and Audit Section is growing with the number of tickets and sales in Charitable Games. Mr. Bernstein said this is an area that Charitable Games wanted to get into as audits were being conducted previously with the field staff which required a great deal of time. Several organizations, especially non-profit permittees needed help with their recordkeeping. He continued saying in considering the inspections of the various activities, there was a need to establish the new Compliance and Audit Section within the agency. Following discussions with the Executive Director, Charitable Games was fortunate and was able to create the Section. It is a small Section, but it is an important one; it is headed with one Regulation Supervisor and two Accounts Examiners. Mr. Bernstein said the bottom line is that Charitable Games is helping the non-profits and furthering the integrity of the Division.

Mr. Antonetti said that sometimes, even though the organization is charitable, it would go astray. He asked Mr. Bernstein if he needed more staff. Mr. Bernstein said he is very pleased with the current staff. Executive Director Young stated that if the Division reached a point whereby those three individuals are maxed out, the Division does have auditors within the Integrity Assurance Unit that would be able to help out. The Section has just started so the Division does not know at this time whether we have the right number of people. It will take the Division a good six to eight months to figure out if that number is adequate.

Mr. Farrell asked the status of the money wheels. Mr. Bernstein said there was an attempt by four legislators to resurrect the money wheels, only for volunteer fire departments. They attempted to amend the Division proposal that was on the House Calendar. There are many legislators that would like to see the money wheels brought back and there are many organizations pressing their legislators to bring them back because they are losing a lot of money. Mr. Bernstein continued saying that activity is tied in with commercial casino games, and positions of the Attorney General and revocation of the Games of Chance Act back in 2003. There are members of the General Assembly that would vote to reinstate the money wheels. That amendment was voted down with 46 yeas and 100 nays.

Legislation – Mr. Bernstein provided the following legislative update for the Board, attached hereto as ‘Attachment A’.

Security and Licensing: Mr. Kleber introduced two of the Division's partners from the Connecticut State Police, who work with the Division with the background investigations – John Schweitzer and Sgt. Bill Aulerich, who heads the Unit for the backgrounds.

Mr. Kleber reviewed the monthly licensing reports for the past three months, providing totals of each category for the Board. He noted that with the MGM Grand, the Division is processing larger numbers in hiring.

Mr. Farrell noted at the last meeting it was reported that the pending background investigations totaled 1,257, and asked if the 1,005 number is current. Mr. Kleber said that number is correct, however, there are additional backgrounds that have been identified as well as a backlog from 2007, so the number is slightly higher. He continued by providing a review of the backgrounds not completed. The total number is approximately 1,400.

Mr. Kleber updated the Board on the process of issuing warrants and the system pertaining to the NCIC area. There was a problem with coverage on a 24-hour basis. The problem has been rectified in that all outstanding warrants are entered into NCIC; therefore if other police departments happen to arrest someone on a different offense, the Division's warrants would also come up on the program.

The Division has been working with the Post Academy, a certification program for our police officers in the State of Connecticut. The Division has embarked on a process to receive Post accreditation for our police department. It will probably take a year and a half to get through the process. It is reviewed by the Police Officers Standards Council to make sure we are in compliance.

Mr. Farrell asked whether the Division makes it a requirement for the police officers to be accredited prior to hiring. Mr. Kleber said the police officers actually get reaccredited through the Post Academy. He briefly explained the process for the Board.

Mr. Antonetti noted a recent press release addressing individuals working at the casinos with fake addresses. He asked if this is a violation of the law. Mr. Kleber clarified the reported incident. He stated both casinos recruit foreign applicants. When the applicants complete their applications they do not have a formal address available to them prior to entering the United States. Some of the individuals used an address that was an associate of a firm that does the recruiting for the casinos. The new application states that if an individual does not have an address at the time he/she is completing their application, they must provide one as soon as they enter the United States and begin employment.

Until an address is provided a notation in the space provided for an address will indicate “to be determined”.

Mr. Antonetti said he is concerned with address matter and also questioned the countries from where these individuals enter the United States.

Executive Director Young stated that the newspaper would lead one to believe that there are 500 individuals at a certain address. Those 500 individuals are no longer working at the casinos. Five hundred is the accumulative number over a long period of time. As of the date of that particular newspaper article, there are currently 34 people who were working at Foxwoods who were a part of this program. As mentioned previously, Foxwoods employs a company to seek casino workers in other countries, i.e. Poland or wherever there was a casino. These individuals obtained a visa to come into the United States through the State Department. The State Department did some background checks on these people to issue them a visa. The absence of an address is not a good thing, however, our Security Unit has issued procedures so that we will have a current address. The visa is probably a six-month window.

Mr. Antonetti requested that Mr. Kleber address these issues at the next Board meeting. Mr. Kleber said he would provide the Board an in depth update at the June meeting.

Mr. Farrell asked if the cooperative effort the Division has with the State Police is still ongoing, and if the Commissioner and the Colonel still support the efforts of the Division. He continued by saying the Gaming Policy Board is concerned about the growing number of background checks, and will help with any support they may lend in completing this process in reducing the numbers. Mr. Kelber said he met last week with members of the Connecticut State Police and will be working with them to correct the measure.

Administrative Hearings: Mrs. Stiber reviewed the hearing reports for the months of February and March. Mrs. Stiber continued by reporting on the Freedom of Information requests and said all requests were responded to in a timely fashion.

Mrs. Stiber asked the Board to reschedule the appeal of Patricia Briggs. There was general consensus to hear this appeal after the next Board meeting scheduled for June 4, 2008.

Executive Director’s Report: Executive Director Young said he is requesting an amendment to the Spectrum Gaming Group contract. Spectrum Gaming asked the Division if they could be more flexible pertaining to the Performance Bond. Spectrum asked if they could they provide a Letter of Credit or an Escrow Account. The Division

is receptive to the Escrow Account and Spectrum Gaming is in the process of obtaining a bank.

In addition to the Escrow Account, there was a change in the language in the contract, a copy of which the Board has received. Executive Director Young requested the Board vote on the Amendment to the Spectrum Gaming Group Amendment.

On motion made by Mr. Osswalt, seconded by Mr. Pendergast and unanimously voted, it was:

“Resolved, That the amendment to the Spectrum Gaming Group contract be approved, and that the Executive Director be authorized to execute the Amendment.”

Executive Director Young continued with his report as follows: As Paul Bernstein mentioned earlier Jim Schmitt was recently promoted within the Charitable Games Unit. He stated Jim is a long-standing member of the Division, working in Charitable Games for almost his entire career. He introduced Jim to the Board.

Executive Director Young addressed the Freedom of Information requests. He said there has been a lot of inaccurate information in the newspapers recently. The Division sent a letter to each and every license holder at both casinos – 15,000-plus individuals explaining the FOI process and why the Division does what it does, how it is perfectly legal, and assuring these individuals that the Division does not release their personal information, such as their social security numbers, as has been reported. The Division believes this was a productive effort.

Executive Director Young reported that the Connecticut Lottery Corporation (CLC) has a new President – Anne M. Noble – is the permanent President for the CLC. She started about a month ago. Anne was the former Chairman of the CLC Board; she left the Board for a while, and has returned as President and Chief Executive Officer.

Executive Director Young also state he had an opportunity to tour the MGM facility at Foxwoods about two weeks ago and provided the Board an update on the facility's construction progress. The MGM is scheduled to open on May 17th.

Mohegan Sun is moving very fast on their facility as well. They anticipate the opening day for Labor Day. The rest of Mohegan Sun's expansion is not slated to begin until 2009.

Both casinos will be doing a refurbish of their old casinos once the new ones open. From the Division's perspective, the numbers of the slot machines will not increase dramatically probably until late 2009.

The Division recently hosted a visit from the President Pro Tempore of the Massachusetts Senate to discuss regulations. Massachusetts denied commercial casinos, however, the Wampanaug Indians, a federally recognized tribe, attempting to do a land swap. If the tribe can get the land swap accomplished, it is their intent to have a casino. The Division provided them with information. They also toured both casinos.

Representatives from the New Jersey Gaming Enforcement Commission visited the Division recently and introduced their new Director. The Division has been in conversation with the New Jersey officials expressing its concern about the information being shared with us. At present, the Division has the ability to accept a New Jersey license provided that it satisfies the Division with the information provided. New Jersey has a concern with Connecticut's Freedom of Information (FOI) laws in that the Division would be forced to release information it receives, which normally would not be released by New Jersey laws. Communications will continue in this regard to satisfy both agencies, and hopefully help both states get back into the business of accepting licenses from each other.

Mr. Farrell commended Mr. Kleber and his Unit for the work they are doing regarding the background investigations.

On motion made by Mr. Pendergast, seconded by Mr. Antonetti and unanimously voted, the Board recessed to hear the appeal of Young Gu Kim.

The Board resumed its regular session to record the following resolution as a result of the appeal.

On motion made by Mr. Osswalt, seconded by Ms. Russell and unanimously voted, it was:

"Resolved, That in the matter of Mr. Young Gu Kim, d/b/a J & S Deli and Luncheonette, the Gaming Policy Board upholds the decision of the Division to revoke Mr. Kim's Lottery Sales Agent license."

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Adjournment: The meeting adjourned at 12:14 p.m.

Respectfully submitted,

Suzanne J. Alix, Secretary
Gaming Policy Board

Attachment